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Office of the Secretary
U.S. Department of Transportation
400 7th St S.W.
Washington D.C. 20590

Dear Sir/Madam,

Qantas Airways Limited ("Qantas") welcomes the opportunity to comment on the Department's Notice of proposed rulemaking. Our comments are set out below.

1. Global dealing and Uniform Booking Fees

Currently the CRSs require airlines to participate on a global basis. CRSs do not permit airlines to participate in selected regions only. As most CRSs are dominant in one region of the globe, or as a minimum there are one of two dominant CRSs in a region, it is not commercially viable for an airline to cancel its global CRS participation due to the likely loss of passenger revenue. This creates an environment where airlines have negligible negotiating power and hence, little choice but to accept the commercial terms offered by the CRSs. As a result CRS contracts are unbalanced and airlines have few effective options other than to accept continuous and substantial fee increases. CRSs on the other hand have little incentive to strive for business efficiency as they have the ability to recover increases in costs and any shortfall in revenues merely by increasing segment fees.

Qantas has spent considerable energy over the last 5 years (without success) attempting to negotiate with the CRSs who very effectively hide behind the requirements for uniform booking fees and contracts. Qantas is generally supportive of the elimination of uniform booking fees and would go further to support the removal of standard form contracts. However, Qantas moreover believes that carriers should be able to choose which global regions they participate in. Without this change the removal of the uniform pricing in itself is unlikely to give Qantas a stronger commercial position from which to negotiate a reasonable deal, in fact it could work to the contrary.

2. Productivity Pricing

Qantas is supportive of the elimination of productivity pricing as we agree that this practice drives undesirable behaviour by travel agents to create fictitious bookings and/or other transactions that are designed to increase their productivity payments. This is at the expense of driving up airline costs. Furthermore, whilst CRS management are coy about the size of productivity payments to agents, they have generally admitted to Qantas that productivity payments have been (and will continue to be) a substantial driver of the segment fee increases. Increasingly today, CRS providers are being selected by agents primarily on the size of these payments rather than core CRS functionality.

3. Neutral Travel Agent Displays

Qantas believes that standard CRSs displays should be unbiased to ensure effective competition. However, Qantas also believes that the CRSs should be able to provide functionality to enable a travel agent at its own initiative to bias availability and schedule screens for individual transactions as a core part of providing efficient customer service. For example: (1) an individual customer may be a oneworld customer who wishes to choose from within a range of oneworld carriers to receive frequent flyer benefits or lounge access or streamlined interline transfers and recognition; or (2) a corporate travel agency is processing bookings on behalf of a particular corporate entity in accordance with commercial agreements in place between the corporate entity and a range of contracted suppliers.

4. MIDT Data

The cost of MIDT data today is fairly substantial particularly when the cost of processing and data analysis is included; albeit CRSs have provided airlines with options to purchase smaller or regionalised packages of data at reduced cost. Were the proposed changes to occur, Qantas, and we suspect many other airlines, would reassess whether we purchase any MIDT data.

The primary proposed changes, if adopted, will significantly decrease the commercial value of MIDT data to airlines, particularly if carriers can opt out of participation. Non-participation by airlines would make even aggregated data valueless in the area of network planning, revenue management and sales. We would require, at the very least, to have total market information. Otherwise the data would generally be meaningless.

Total non-disclosure of sales by individual travel agents virtually eliminates any value of MIDT data in sales arenas.

MIDT data is used by Qantas for both planning purposes and sales performance measurement.

With regard to sales performance measurement, Qantas generally uses the agency data to gain comfort that both corporate accounts and travel agents are adhering to the commitments they have given us as part of a contracted deal. It should be noted that Qantas is one of the few airlines still paying commissions to travel agents both in the US and in the rest of the globe. The proposed changes to this data will make it more difficult for us to ensure we receive the value for these payments and will make it more difficult for Qantas to compete in the US where we are a small player. Another benefit of agency MIDT data is that it provides benefits to the customer. We are able to identify where our customers are buying from and in turn we are able to develop effective business relationships with their suppliers/agents. Without MIDT, it would be far more challenging to identify such business and effectively fulfil the needs of our potential customers.

We believe that it should be recognised that the destruction of value of MIDT data (particularly the provision of international travel data at an agency level) has the potential to adversely impact small to medium airlines operating to and from the US more than very large airlines.

The production of MIDT data currently enables a level playing field as all carriers are able to subscribe to the total market data and the CRSs have in recent times facilitated this further by providing smaller or regionalised packages of data at a lower cost. Without MIDT, very large airlines (particularly those in the USA with market power) would tend to develop their own systems to manage commercial relationships with contracted corporate entities and/or travel agent intermediaries. An example of this is the current use by Continental Airlines (and soon NorthWest and United Airlines) of the Prism system to monitor corporate dealing arrangements. Smaller sized airlines such as Qantas could not justify development of or participation in such systems relative to the cost and potential returns. Even if we could, because Qantas is a small player in the US market we would have negligible ability to influence the take up or the provision of data by agents and corporate entities to such systems.

4.1 DOT proposed alternatives

We note that the US DOT has indicated that it is prepared to consider other alternatives. The alternatives and our comments are set out below.

(a) Barring the release of data until some period of time has elapsed after booking

This potential restriction, whilst not Qantas' preferred option, is far better than the non-provision of data at an agency level. The potential time lag or lapse in release of data needs to be advised before a final position could be taken. Overall we maintain that MIDT data in its current form should be maintained for the reasons outlined elsewhere in this document.

(b) Bar the release of information that would enable anyone to identify the passenger or business buying the ticket

We have no concerns about imposing this restriction. Qantas does not use individual passenger information (nor does it receive it) and does not use corporate entity information derived from MIDT sources. MIDT data does not disclose corporate identity other than where an individual booking site is exclusively and solely transacting on behalf of a corporate entity at the said site. Qantas, like most other airlines, has other sources of data to track specific corporate contract arrangements.

(c) Consider limiting any restrictions to data generated from bookings generated in the USA for domestic US travel.

Qantas does not use USA domestic travel booking data to any extent other than to analyse domestic connection traffic to our international gateway services. It does, however, utilise international travel booking data generated point of sale USA. As a consequence and for the reasons detailed elsewhere in this document, Qantas is strongly of the opinion that international MIDT data at an agency level should be maintained. For similar reasons, Qantas does not support the concept of allowing carriers who distribute via CRSs to opt-out or not participate in the provision of MIDT data.

4.2 Conclusion regarding MIDT

We believe that the rules covering provision and distribution of MIDT data should remain unchanged.

Taking an overarching view, we believe it should be acknowledged that sales emanating via CRSs are only part of the total distribution picture. Consumer direct airline web sites and agent booking portals which link agents directly to the airlines' web sites and thereby by-pass CRS systems are becoming increasingly prevalent and account for an ever increasing percentage of sales volume. For example, most of the new low cost carriers are adopting alternative distribution models which encompass both direct sales and travel agents sales but by-pass CRS systems. Hence, over time, MIDT data in itself will tend to become less valuable, even if there are no changes to the rules regarding the provision of data via this source.

The changing face of distribution we believe actually overcomes many of the perceived US DOT concerns about CRSs MIDT data and its subsequent use. The changes in channels of distribution or the booking mediums employed actually tends to work greatly in favour of the low cost carriers or new entrants and without having to dismantle the current genuine value of MIDT. It should be recognised that a large percentage of airline and agent sales volume will increasingly become invisible to competitors or airlines utilising MIDT data, regardless of whether the sales are via agents or direct to consumer.

Qantas does not misuse MIDT data and does not believe that MIDT data is currently misused by other airlines. If this is still a concern of the US DOT and others, we are of the opinion that the above detailed changes in distribution arrangements will automatically remove the perceived or alleged potential of airlines and others to misuse MIDT data.

Yours sincerely,



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